

**STATE OF CALIFORNIA
DEPARTMENT OF INSURANCE
45 Fremont Street
San Francisco, CA 94105**

RH05049799

January 5, 2007

**Title 10, Article 7.1
Proposed Sections 2355.1-2359.7
Title Insurance and Statistical Plan**

**Summary and Response to Comments Received During 45-Day Comment Period
Volume 6 Bates pp. 2117-2496**

Pursuant to Gov. Code § 11346.9(a)(3), repetitive comments are aggregated, summarized and responded to as a group. Comments which were not specifically directed at the proposed regulations or procedures followed in proposing the regulations are irrelevant and have been summarized and dismissed as a group.

Additionally, because some comments reflect a more technical analysis of the proposed regulations, the summaries for those comments were not summarized as a group. Comments for pages 2125-2125G and 2469-2476, which contain a more extensive technical analysis of the proposed regulations have been organized and summarized by comment volume number. The technical comments for Volume 6 are attached to the end of this summary and response.

Bates Numbers of Corresponding Public Comments:
2117, 2118, 2121, 2122, 2146

Summary of Comments:

The regulations will result in dramatically reduced title and escrow fees. As a result, services will be reduced because consumers will have fewer choices available to them. Title and escrow offices are already understaffed and will be unable to accommodate the needs of their clients. A loss of revenue will cause escrow companies to lose their most experienced people and the industry will have to resort to inadequately trained personnel to complete the escrow process. Consumers will be unable to get documents signed at a convenient time for them. The reduced fees will place the industry in financial jeopardy and may cause escrow agents to close. Fees should be determined by the marketplace not by regulation.

Response to Comments:

See Response to Common Comments: C.3, E.24, E.29, N.1, T.1, T.3 and X.12

Bates Numbers of Corresponding Public Comments:

2119

Summary of Comments:

The commentator did not make any comments concerning the proposed regulation. Instead, the commentator posed a question about the regulatory process.

Response to Comments:

This comment was not specifically directed at the proposed action or the procedures followed by the Commissioner in proposing or adopting the action; therefore, no response is necessary. (Gov. Code section 11346.9(a)(3)).

Bates Numbers of Corresponding Public Comments:

2120, 2163

Summary of Comments:

The commentators oppose the fixing of the amount of fees allowable on escrow transactions. The commentators state that escrow officers work hard and are worth far more than they are paid.

Response to Comments:

See Response to Common Comments E.5, E.9, E.13.

Bates Numbers of Corresponding Public Comments:

2123, 2132, 2133-2134, 2136-2138, 2140, 2145, 2155-2156

Summary of Comments:

The regulations will force escrow and title companies to conduct settlement appointments. This will take work away from Notary Signing Agents. Notaries are already underpaid and they will be paid even less under the regulations. There will be less closings on sales due to having fewer notaries available for signings. As a result, consumers will have to take time off from work instead of signing documents at a convenient time. The regulations will decrease the number of notaries available to serve the public.

Response to Comments:

See Response to Common Comments N.1.

Bates Numbers of Corresponding Public Comments:

2126

Summary of Comments:

The proposed regulations will impact the commentator's ability to supplement her income. The regulations will harm or inconvenience her future clients due to the lack of availability of notary signing agents.

Response to Comments:

See Response to Common Comments N.1.

Bates Numbers of Corresponding Public Comments:

2127

Summary of Comments:

The reduction in fees caused by the proposed regulations will put many companies out of business. The industry is highly competitive and requires experienced people to handle transactions properly. The commentator is not aware of any kickbacks being given in her geographical area. Fees have not changed much in the past nine years and reducing fees makes not economic sense. More research should be conducted before implementing these regulations.

Response to Comments:

See Response to Common Comments C.29, C.30, E.8, E.27, E.29, T.1, T.8 and X.18.

Bates Numbers of Corresponding Public Comments:

2128-2131

Summary of Comments:

The escrow practices in northern California are different than the practices in southern California. The commentator works hard to keep current and has never given kickbacks to her clients. The industry is tremendously competitive. In contrast to 25 years ago, transactions today are very complex, but fee schedules have not changed despite the greater risk of litigation. These regulations will harm the public because it will result in less experienced people working on real estate transactions. If kickbacks are being paid, those people should be punished, but these regulations are not the solution to the problem if it exists.

Response to Comments:

See Response to Common Comments C.8, E.5, E.8, E.12, E.18, E.29 and X.17.

Bates Numbers of Corresponding Public Comments:

2135

Summary of Comments:

Title insurance fees may be too high, but notaries are not to blame because their fees are so low that they often do not cover the cost of fuel.

Response to Comments:

See Response to Common Comments N.1.

Bates Numbers of Corresponding Public Comments:

2139, 2157

Summary of Comments:

It takes a long time to properly train title/escrow personnel. Title/escrow fees are one of the most cost-effective aspects of a real estate transaction. Reducing fees will reduce in the loss of many jobs.

Response to Comments:

See Response to Common Comments E.9, E.13, E.14, E.22, E.26 and E.29.

Bates Numbers of Corresponding Public Comments:

2141

Summary of Comments:

The proposed regulations will have a great impact on the notary business and should be withdrawn.

Response to Comments:

See Response to Common Comments N.1.

Bates Numbers of Corresponding Public Comments:

2142

Summary of Comments:

The regulations will result in a reduction in the number of Notary Signing Agents. This will impact the aged and handicapped. Fees for such services are modest and consumers appreciate the convenience.

Response to Comments:

See Response to Common Comments N.1.

Bates Numbers of Corresponding Public Comments:

2143, 2144

Summary of Comments:

The proposed regulations will put Notary Signing Agents out of work and adversely affect consumers.

Response to Comments:

See Response to Common Comments N.1.

Bates Numbers of Corresponding Public Comments:
2147-2148

Summary of Comments:

The Escrow industry provides consumers with valuable services. Over the years, escrow fees have changed very little. A reduction in escrow fees will put many companies out of business. The industry is already very competitive.

Response to Comments:

See Response to Common Comments E.5, E.8, E.14, E.18, E.22; T.1 and X.18.

Bates Numbers of Corresponding Public Comments:
2149, 2168

Summary of Comments:

The Escrow industry is very competitive and there already have been many layoffs. Lowering escrow fees will result in many lost careers.

Response to Comments:

See Response to Common Comments E.8, E.14, T.1 and X.18.

Bates Numbers of Corresponding Public Comments:
2150-2151, 2161-2162

Summary of Comments:

The Escrow industry involves a great deal of stress. The proposed regulations will increase the level of stress in this field and will make it hard to recruit people to work in this area. The proposed fee reductions will cause many people to lose their jobs. Consumers will be unable to get their transactions completed in a timely manner. Rates are already subject to regulation.

Response to Comments:

See Response to Common Comments C.3, E.1, E.2, E.4, E.5, E.8, E.14 and X.12.

Bates Numbers of Corresponding Public Comments:
2152-2154

Summary of Comments:

The commentator charges fair fees and realizes that each customer is in a different situation. Please do not go forward with the regulations.

Response to Comments:

See Response to Common Comments E.9, E.13, E.15, E.17, E.18, E.22, E.24, E.26, E.27 and X.18.

Bates Numbers of Corresponding Public Comments:

2158

Summary of Comments:

Escrow fees are not excessive because of a lot of competition. Fees are based upon home values and the fees are small in relation to the total cost of a transaction. The commentator denies that kickbacks are being used to entice customers.

Response to Comments:

See Response to Common Comments E.8, E.9, E.13, E.15, E.17, E.18, E.22, E.24, E.26, E.27 and X.18.

Bates Numbers of Corresponding Public Comments:

2159-2160

Summary of Comments:

The commentator has never paid a kickback and is unaware of any kickbacks being paid in the Escrow industry. The regulations will jeopardize jobs and expertise.

Response to Comments:

See Response to Common Comments E.9, E.13, E.15, E.17, E.18, E.19, E.22, E.24, E.26, E.27, T.1 and X.18.

Bates Numbers of Corresponding Public Comments:

2164

Summary of Comments:

Lowering fees makes no sense in light of increase costs of operation since 2000.

Response to Comments:

See Response to Common Comments E.12, E.16, E.18, E.20, E.23 and X.9.

Bates Numbers of Corresponding Public Comments:

2165

Summary of Comments:

The Escrow industry requires hard work. The regulations will jeopardize the jobs of many women who otherwise will have to go on welfare.

Response to Comments:

See Response to Common Comments E.12, E.14, E.16, E.23 and X.9.

Bates Numbers of Corresponding Public Comments:

2166

Summary of Comments:

Escrow fees are the lowest fees involved in a real estate transaction. Other parties involved in real estate transactions are overcharging consumers.

Response to Comments:

See Response to Common Comments E.9, E.13, E.15, E.16, E.17, E.20, E.21, E.22, E.23, E.24, E.26, E.28 and T.9.

Bates Numbers of Corresponding Public Comments:
2167

Summary of Comments:

The commentator denies that kickbacks are paid. Repeat business is based upon good service. The industry requires expertise and training. Lower fees will cause many job losses and will devastate the industry.

Response to Comments:

See Response to Common Comments E.8, E.10, E.14, E.22, E.27 and T.3.

Bates Numbers of Corresponding Public Comments:
2157, 2159, 2166, 2168, 2184

Summary of Comments:

Escrow Fees are the lowest of all the expenses/most cost effective part of real estate transaction.

Response to Comments:

See Response to Common Comments: E.9, E.13, E.15, E.17, E.22, E.24, E.26, E.28.

Bates Numbers of Corresponding Public Comments:
2159, 2167, 2168, 2170, 2173, 2174, 2178, 2179, 2181, 2183

Summary of Comments:

California Title Insurance and Escrow rates are already fair and competitive because of: decrease in escrow fees, decrease in refinance fees, supply and demand, service provided, cost of doing business, fees haven't changed in 20 yrs., market demands

Response to Comments:

See Response to Common Comments: E.8, E.10, E.18.

Bates Numbers of Corresponding Public Comments:
2175

Summary of Comments:

Escrow fees have increased little in comparison with title rates.

Response to Comments:

See Response to Common Comments: E.9, E.21, E.24, E.26.

Bates Numbers of Corresponding Public Comments:
2174, 2176

Summary of Comments:
Title fees are competitive due to the large number of title companies.

Response to Comments:
See Response to Common Comments: E.9, E.21, E.24, E.26, E.27

Bates Numbers of Corresponding Public Comments:
2174

Summary of Comments:
The commentator's title company has already reduced its rates and is attempting to make up the difference in income with volume and should not be subjected to further rate fee decreases.

Response to Comments:
See Response to Common Comments: E.8, E.27, T.8, T.10.

Bates Numbers of Corresponding Public Comments:
2152, 2156, 2167, 2182

Summary of Comments:
Reducing title and escrow fees will eliminate jobs/increase unemployment in the title industry.

Response to Comments:
See Response to Common Comments: E.14, T.1, T.3, T.13.

Bates Numbers of Corresponding Public Comments:
2182

Summary of Comments:
Reducing escrow fees will endanger the commentator's livelihood, job and career

Response to Comments:
See Response to Common Comments: E.14, T.3.

Bates Numbers of Corresponding Public Comments:
2152, 2156

Summary of Comments:

Reducing title and escrow fees will eliminate jobs/increase unemployment among notaries.

Response to Comments:

See Response to Common Comments: N.1

Bates Numbers of Corresponding Public Comments:

2167, 2175

Summary of Comments:

The proposed regulations will devastate the title industry.

Response to Comments:

See Response to Common Comments: E.8, E.14, E.22, E.27, T.1, T.3, X.1, X.2, X.5, X.9, X.15

Bates Numbers of Corresponding Public Comments:

2155

Summary of Comments:

Reducing fees will result in lower quality of service and delays to homebuyers and sellers/not in the best interest of the consumer because: will increase costs of buying and selling/take longer for loans to close.

Response to Comments:

See Response to Common Comments: C.3, T.1, X.12

Bates Numbers of Corresponding Public Comments:

2152, 2167, 2168

Summary of Comments:

The proposed regulations will result in inconvenience to customers closing escrow transactions.

Response to Comments:

See Response to Common Comments: C.3, T.1, X.12

Bates Numbers of Corresponding Public Comments:

2157, 2168, 2170, 2179, 2183, 2184, 2185

Summary of Comments:

Reductions in escrow fees will result in loss of jobs in a predominantly female workforce, many who are the sole support of their families.

Response to Comments:

See Response to Common Comments: E.14, T.1

Bates Numbers of Corresponding Public Comments:
2170, 2179

Summary of Comments:

The proposed regulations will be viewed as discriminatory against women in the work place because most title officers are women.

Response to Comments:

See Response to Common Comments: E.14, T.1.

Bates Numbers of Corresponding Public Comments:
2170

Summary of Comments:

The proposed regulations will have a negative effect on morale in the title industry.

Response to Comments:

Comments were not specifically directed at the proposed action or the procedures followed by the Commissioner in proposing or adopting the action; therefore, no response is necessary. (Gov. Code section 11346.9(a)(3)).

Bates Numbers of Corresponding Public Comments:
2159, 2165, 2166, 2168, 2177

Summary of Comments:

The business is owned or operated by and will reduce the salaries of the: primary breadwinner, woman, single mom, elderly.

Response to Comments:

See Response to Common Comments: E.14, T.1, T.3.

Bates Numbers of Corresponding Public Comments:
2159, 2164

Summary of Comments:

Opposes the reduction of fees by 27%

Response to Comments:

See Response to Common Comments: T.3.

Bates Numbers of Corresponding Public Comments:
2185

Summary of Comments:

It should be the responsibility of the buyer in a real estate transaction to “shop” for escrow services.

Response to Comments:

See Response to Common Comments: X.16.

Bates Numbers of Corresponding Public Comments:

2185

Summary of Comments:

The commentator asks why in a system of free enterprise the fees of real estate agents and lenders are not controlled if regulations are to limit the fees of the escrow industry

Response to Comments:

Comments were not specifically directed at the proposed action or the procedures followed by the Commissioner in proposing or adopting the action; therefore, no response is necessary. (Gov. Code section 11346.9(a)(3)).

Bates Numbers of Corresponding Public Comments:

2156

Summary of Comments:

The proposed regulations will have the unintended consequence of making fewer notaries available to consumers for transactions.

Response to Comments:

See Response to Common Comments: N.1.

Bates Numbers of Corresponding Public Comments:

2156

Summary of Comments:

The proposed regulations will result in fewer notaries and an increase in insurance fraud.

Response to Comments:

See Response to Common Comments: N.1.

Bates Numbers of Corresponding Public Comments:

2170, 2174

Summary of Comments:

The proposed regulations will have detrimental effect on the income of workers in the title industry

Response to Comments:

See Response to Common Comments: E.14, T.1, T.3, T.13.

Bates Numbers of Corresponding Public Comments:

2174

Summary of Comments:

The proposed regulations will result in reduced salaries and workers in the title industry will leave the title industry.

Response to Comments:

See Response to Common Comments: E.14, T.1, T.3, T.13.

Bates Numbers of Corresponding Public Comments:

2174

Summary of Comments:

The proposed regulations will result in reduced salaries and workers in the title industry will have to leave their geographical area.

Response to Comments:

See Response to Common Comments: E.14, T.1, T.3, T.13.

Bates Numbers of Corresponding Public Comments:

2174

Summary of Comments:

The commentator states that the proposed regulations will result in escrow firms utilization of less qualified escrow officers, which will ultimately result in harm to consumers.

Response to Comments:

See Response to Common Comments: E.29.

Bates Numbers of Corresponding Public Comments:

2155-2156.

Summary of Comments:

The proposed regulations will restrict Notaries Public from providing the mobile service that allows them to service at home for those who are: working, older, homebound.

Response to Comments:

See Response to Common Comments: N.1.

Bates Numbers of Corresponding Public Comments:

2168

Summary of Comments:

The regs will have a negative effect on NPs and the public/will affect quality of Notaries Public service/inconvenience to the consumer.

Response to Comments:

See Response to Common Comments: N.1.

Bates Numbers of Corresponding Public Comments:

2152, 2155, 2156

Summary of Comments:

The proposed regulations will have a negative impact on notaries

Response to Comments:

See Response to Common Comments: N.1.

Bates Numbers of Corresponding Public Comments:

2152-2153, 2155

Summary of Comments:

The proposed regulations will compel title insurance and escrow officers to stop using Notaries Public and go in house. This would have a detrimental effect on consumers/reduce the number of available NP's.

Response to Comments:

See Response to Common Comments: N.1.

Bates Numbers of Corresponding Public Comments:

2183

Summary of Comments:

The proposed regulations are offensive.

Response to Comments:

Comments were not specifically directed at the proposed action or the procedures followed by the Commissioner in proposing or adopting the action; therefore, no response is necessary. (Gov. Code section 11346.9(a)(3)).

Bates Numbers of Corresponding Public Comments:

2171

Summary of Comments:

The proposed regulations are premised on false information

Response to Comments:

See Response to Common Comments: X.18.

Bates Numbers of Corresponding Public Comments:
2157, 2170, 2175

Summary of Comments:

The proposed regulations are placing stress on the escrow industry which protects consumers' most valuable asset

Response to Comments:

See Response to Common Comments: E.22.

Bates Numbers of Corresponding Public Comments:
2159, 2176, 2183, 2185

Summary of Comments:

The commentator has never given a kickback and it is unfair to impose the regulations on the commentator and others who have not participated in kickbacks.

Response to Comments:

See Response to Common Comments: E.22, E.24, X.17.

Bates Numbers of Corresponding Public Comments:
2159, 2172, 2175, 2177, 2178, 2181

Summary of Comments:

The work of escrow officers has become increasingly complex

Response to Comments:

See Response to Common Comments: E.4, E.12, E.16, E.20, E.23.

Bates Numbers of Corresponding Public Comments:
2181

Summary of Comments:

The escrow industry is very demanding and workers must frequently work extra hours to expedite transactions.

Response to Comments:

See Response to Common Comments: E.4, E.12, E.16, E.20, E.23.

Bates Numbers of Corresponding Public Comments:
2159, 2172, 2180

Summary of Comments:

The Department (or Commissioner) do not understand the importance and nature of the escrow industry

Response to Comments:

See Response to Common Comments: E.5.

Bates Numbers of Corresponding Public Comments:

2180

Summary of Comments:

The commentator invites the Commissioner to experience work in the escrow industry and then cut fees.

Response to Comments:

See Response to Common Comments: E.5.

Bates Numbers of Corresponding Public Comments:

2167, 2170, 2177, 2179

Summary of Comments:

The regulations do not take into account the skills, training and experience required in the escrow industry.

Response to Comments:

See Response to Common Comments: E.4, E.12, E.16, E.20, E.23.

Bates Numbers of Corresponding Public Comments:

2176

Summary of Comments:

Escrow officers are required to have broad base of knowledge and continually learn more

Response to Comments:

See Response to Common Comments: E.4, E.12, E.16, E.20, E.23.

Bates Numbers of Corresponding Public Comments:

2177

Summary of Comments:

Escrow officers protect consumers and without them there would be many injured consumers

Response to Comments:

See Response to Common Comments: E.22, X.12.

Bates Numbers of Corresponding Public Comments:
2159, 2167, 2173, 2178, 2179

Summary of Comments:

The escrow industry benefits the public and State and Federal Governments by collecting on liens and child support and monies owed the State.

Response to Comments:

See Response to Common Comments: E.22, X.12.

Bates Numbers of Corresponding Public Comments:
2178

Summary of Comments:

The proposed regulations will interfere with the smooth running of the escrow industry

Response to Comments:

See Response to Common Comments: E.22, X.12.

Bates Numbers of Corresponding Public Comments:
2172

Summary of Comments:

Escrow fees are not as much as the public has been led to believe.

Response to Comments:

Comments were not specifically directed at the proposed action or the procedures followed by the Commissioner in proposing or adopting the action; therefore, no response is necessary. (Gov. Code section 11346.9(a)(3)).

Bates Numbers of Corresponding Public Comments:
2176

Summary of Comments:

The public has been misinformed about the reputation of the escrow and title industries conduct.

Response to Comments:

Comments were not specifically directed at the proposed action or the procedures followed by the Commissioner in proposing or adopting the action; therefore, no response is necessary. (Gov. Code section 11346.9(a)(3)).

Bates Numbers of Corresponding Public Comments:
2159

Summary of Comments:

The escrow market has slowed and reduced income, and reducing rates will be harmful.

Response to Comments:

See Response to Common Comments: E.8, E.14, E.22, E.25, E.27.

Bates Numbers of Corresponding Public Comments:

2161, 2176

Summary of Comments:

Title and escrow rates are reasonable and competitive because the recent real estate boom's profits must be balanced against periods of economic slowdown

Response to Comments:

See Response to Common Comments: T.14, T.15, T.17, X.6.

Bates Numbers of Corresponding Public Comments:

2161, 2164, 2179

Summary of Comments:

Title and escrow work is stressful

Response to Comments:

Comments were not specifically directed at the proposed action or the procedures followed by the Commissioner in proposing or adopting the action; therefore, no response is necessary. (Gov. Code section 11346.9(a)(3)).

Bates Numbers of Corresponding Public Comments:

2179

Summary of Comments:

The escrow industry must try to meet the needs of buyers, sellers, lenders and real estate agents in each transaction.

Response to Comments:

See Response to Common Comments: E.22.

Bates Numbers of Corresponding Public Comments:

2168, 2172, 2179, 2184

Summary of Comments:

The escrow officer is a neutral third party in transactions.

Response to Comments:

See Response to Common Comments: E.22.

Bates Numbers of Corresponding Public Comments:

2177

Summary of Comments:

Escrow officers are the only persons in real estate transactions who have the knowledge and expertise to correct the errors of other participants in the transaction

Response to Comments:

See Response to Common Comments: E.22.

Bates Numbers of Corresponding Public Comments:

2177

Summary of Comments:

Escrow officers are not on a commission like other participants in the real estate transaction.

Response to Comments:

See Response to Common Comments: E.17.

Bates Numbers of Corresponding Public Comments:

2163, 2165, 2170, 2176, 2178, 2181

Summary of Comments:

People in the escrow industry work hard and long hours.

Response to Comments:

Comments were not specifically directed at the proposed action or the procedures followed by the Commissioner in proposing or adopting the action; therefore, no response is necessary. (Gov. Code section 11346.9(a)(3)).

Bates Numbers of Corresponding Public Comments:

2181

Summary of Comments:

Escrow fees are “feasible” (by which it is assumed the commentator means reasonable).

Response to Comments:

See Response to Common Comments: X.18.

Bates Numbers of Corresponding Public Comments:

2178

Summary of Comments:

People in the escrow industry gain clients by ethical practices and being team players

Response to Comments:

See Response to Common Comments: E.10, E.22.

Bates Numbers of Corresponding Public Comments:

2176

Summary of Comments:

Some title companies currently outsource work to India and their work service inferior and less their work product less accurate to that of California title work

Response to Comments:

See Response to Common Comments: E.22, E.29.

Bates Numbers of Corresponding Public Comments:

2178

Summary of Comments:

Escrow fees are not expensive given the number of hours transactions require

Response to Comments:

See Response to Common Comments: E.9, E.22, E.26, E.27.

Bates Numbers of Corresponding Public Comments:

2162

Summary of Comments:

Despite strides in technology, the increasing complexity of escrow transactions still requires staff and hours of work

Response to Comments:

See Response to Common Comments: E.4, E.22, X.10.

Bates Numbers of Corresponding Public Comments:

2178

Summary of Comments:

Cuts in escrow fees will devalue the work of the escrow industry

Response to Comments:

See Response to Common Comments: E.22, E.29.

Bates Numbers of Corresponding Public Comments:

2162

Summary of Comments:

Escrow and title rates are reasonable because claims have increased greatly with the increased demands in paper handling and time limitations

Response to Comments:

See Response to Common Comments: E.12, E.16, E.20, E.23.

Bates Numbers of Corresponding Public Comments:
2162

Summary of Comments:

Decreasing escrow rates will make it difficult to attract people into the escrow industry

Response to Comments:

See Response to Common Comments: E.22.

Bates Numbers of Corresponding Public Comments:
2162

Summary of Comments:

The timing of the regulations is poor because the economic situation of the escrow and title industry is already starting to decline

Response to Comments:

See Response to Common Comments: E.25.

Bates Numbers of Corresponding Public Comments:
2164, 2172

Summary of Comments:

Costs including salaries and employee healthcare have increased and escrow fees should not be reduced

Response to Comments:

Comments were not specifically directed at the proposed action or the procedures followed by the Commissioner in proposing or adopting the action; therefore, no response is necessary. (Gov. Code section 11346.9(a)(3)).

Bates Numbers of Corresponding Public Comments:
2170

Summary of Comments:

The proposed regulations are not in the best interests of the title industry

Response to Comments:

See Response to Common Comments: X.18.

Bates Numbers of Corresponding Public Comments:
2171, 2172, 2175

Summary of Comments:

The proposed regulations will cause a financial hardship on the commentator and his/her family

Response to Comments:

See Response to Common Comments: E.14, T.1.

Bates Numbers of Corresponding Public Comments:

2152

Summary of Comments:

The proposed regulations will affect notary fees, which are already reasonable

Response to Comments:

See Response to Common Comments: N.1.

Bates Numbers of Corresponding Public Comments:

2152

Summary of Comments:

Determination of reasonable limitations on notary fees

Response to Comments:

See Response to Common Comments: N.1.

Bates Numbers of Corresponding Public Comments:

2155

Summary of Comments:

The Regs will slash escrow and title fees

Response to Comments:

See Response to Common Comments: E.14, T.1.

Bates Numbers of Corresponding Public Comments:

2155

Summary of Comments:

Detrimental Impact on Notaries Public income causing hardship/NPs deserve to be fairly compensated

Response to Comments:

See Response to Common Comments: N.1.

Bates Numbers of Corresponding Public Comments:

2159, 2168, 2170, 2173

Summary of Comments:

The current title rates and escrow fees are reasonable because they are presumably less than what is charged by attorneys who perform such work in other in other States.

Response to Comments:

See Response to Common Comments: E.15.

Bates Numbers of Corresponding Public Comments:

2159, 2168, 2173, 2176, 2179, 2184

Summary of Comments:

Title and escrow fees are currently reasonable because those fees are the smallest cost in the transaction and less than the fees charged by real estate agents

Response to Comments:

See Response to Common Comments: E.9, E.13, E.26, E.28.

Bates Numbers of Corresponding Public Comments:

2182

Summary of Comments:

Title and escrow fees are currently reasonable because those fees are the smallest cost in the transaction and less than the fees charged by Title and escrow fees are currently reasonable because those fees are less than the fees charged real estate agents, brokers, mortgage brokers and other professionals involved in real estate transactions combined

Response to Comments:

See Response to Common Comments: E.9, E.13, E.15, E.21, E.28.

Bates Numbers of Corresponding Public Comments:

2163, 2167, 2170

Summary of Comments:

The Commissioner should postpone the hearings/not promulgate regulations until he has a full understanding of the functions and liabilities of an escrow officer/ understands the full value of escrow services.

Response to Comments:

See Response to Common Comments: E.5, E.12, E.20, E.27.

Bates Numbers of Corresponding Public Comments:

2167, 2168, 2170, 2171, 2173, 2176, 2185

Summary of Comments:

The commentator obtains business by providing efficient service to customers not kickbacks and the proposed regulations should not be imposed on the commentator

Response to Comments:

See Response to Common Comments: E.22.

Bates Numbers of Corresponding Public Comments:
2169

Summary of Comments:

The proposed regulations provisions regarding systematic reporting are a well planned reform of the title industry.

Response to Comments:

This comment is generally in support of the Proposed Regulations; therefore, no response is necessary.

Bates Numbers of Corresponding Public Comments:
2169

Summary of Comments:

The proposed regulations will have an impact (presumably positive) on other States

Response to Comments:

This comment is generally in support of the Proposed Regulations; therefore, no response is necessary.

Bates Numbers of Corresponding Public Comments:
2169

Summary of Comments:

The proposed regulations will affect future developments in the enforcement of RESPA

Response to Comments:

This comment is generally in support of the Proposed Regulations; therefore, no response is necessary.

Bates Numbers of Corresponding Public Comments:
2169

Summary of Comments:

The proposed regulations will affect (presumably positively) the way Fannie Mae and other lending agencies deal with their title requirements

Response to Comments:

This comment is generally in support of the Proposed Regulations; therefore, no response is necessary.

Bates Numbers of Corresponding Public Comments:
2169

Summary of Comments:

The commentator requests the opportunity to provide information and comments derived from a soon-to-be-published manuscript

Response to Comments:

Comments were not specifically directed at the proposed action or the procedures followed by the Commissioner in proposing or adopting the action; therefore, no response is necessary. (Gov. Code section 11346.9(a)(3)).

Bates Numbers of Corresponding Public Comments:

2169

Summary of Comments:

The commentator has a great deal of well-documented information that will support the regulations

Response to Comments:

This comment is generally in support of the Proposed Regulations; therefore, no response is necessary.

Bates Numbers of Corresponding Public Comments:

2176

Summary of Comments:

Transactions will be more susceptible to fraud, and increase the number of falsified real property transactions

Response to Comments:

See Response to Common Comments: N.1.

Bates Numbers of Corresponding Public Comments:

2177

Summary of Comments:

The proposed regulations will cause a decrease in the number of employees available to perform escrow work.

Response to Comments:

See Response to Common Comments: E.14.

Bates Numbers of Corresponding Public Comments:

2177

Summary of Comments:

The proposed regulations will result in decreased salaries for escrow workers.

Response to Comments:

See Response to Common Comments: E.14.

Bates Numbers of Corresponding Public Comments:
2177

Summary of Comments:
Escrow industry workers keep customers from feeling alone.

Response to Comments:
See Response to Common Comments: E.22.

Bates Numbers of Corresponding Public Comments:
2177

Summary of Comments:
Customers rely on escrow officers to answer questions

Response to Comments:
See Response to Common Comments: E.22.

Bates Numbers of Corresponding Public Comments:
2183

Summary of Comments:
Will impact small business and its employees

Response to Comments:
See Response to Common Comments: E.14.

Bates Numbers of Corresponding Public Comments:
2185, 2188, 2192, 2193, 2198, 2201, 2204, 2207, 2208, 2211, 2214

Summary of Comments:
The proposed 27 % rate cut will have a serious impact on the ability of independent escrow companies to operate at a profit; companies and individuals will be driven out of business and or these regulations will cause employee layoffs and reductions in employee standards of living.

Response to Comments:
See Response to Common Comments: E.8, E.14, E.27.

Bates Numbers of Corresponding Public Comments:
2185, 2190, 2193, 2194, 2202, 2206, 2207, 2209, 2212.

Summary of Comments:
Escrow companies do not provide “kickbacks in a real estate transaction for the referral of business from realtors and or mortgage brokers; referrals are based on the ability to successfully close a transaction.

Response to Comments:

See Response to Common Comments: E.10, E.22, E.27.

Bates Numbers of Corresponding Public Comments:

2186

Summary of Comments:

The Insurance Commissioner should delay the hearing on the proposed regulations until the Commissioner has properly considers the impact of the proposed regulations on licensed independent escrow companies. The Commissioner has failed to list independent escrow companies as a small business that may potentially be affected by these regulations.

Response to Comments:

See Response to Common Comments: E.5, E.27.

Bates Numbers of Corresponding Public Comments:

2187, 2189, 2191, 2188, 2194, 2206, 2210

Summary of Comments:

Escrow fees are a minimal component of the fees charged in a real estate transaction. When compared to other fees charged by other services (such as attorneys performing escrow transactions, termite repair companies and mortgage brokers) escrow companies are highly efficient

Response to Comments:

See Response to Common Comments: E.9, E.13, E.15, E.17, E.21, E.26, E.28.

Bates Numbers of Corresponding Public Comments:

2189, 2193, 2194, 2196, 2197

Summary of Comments:

The escrow industry is highly competitive; the Insurance Commissioner's regulation seeking to roll back rates is based on the assumption that there exists a lack of competition and this is a flawed assumption. The study relied on by the Commissioner is insufficient as the sample was under-inclusive. The correct assumption is that the market for escrow services is based on competition and that escrow agents or companies that have high levels of knowledge and service will be able to remain competitive.

Response to Comments:

See Response to Common Comments: C.1 through C.34, E.27, T.14.

Bates Numbers of Corresponding Public Comments:

2190, 2196, 2197, 2206, 2207, 2210, 2212, 2213

Summary of Comments:

Escrow companies perform a variety of functions that require a level of skill and training. These functions include: clearance of state and tax liens, child support and other types of judgments. The Commissioner should not underestimate the value of these services.

Response to Comments:

See Response to Common Comments: E.5, E.12, E.13, E.16, E.20, E.22, E.23, E.27.

Bates Numbers of Corresponding Public Comments:

2205

Summary of Comments:

The fees charged by title companies do not need to be regulated as the forces of the free market should determine the rates charged for title insurance.

Response to Comments:

See Response to Common Comments: E.1, E.27.

Bates Numbers of Corresponding Public Comments:

2215, 2298, 2299

Summary of Comments:

The proposed regulations will harm the Escrow industry and qualified employees will lose their jobs. As a result, customer service will suffer. Small, independent companies will be forced out of business or will give poor customer service. The regulations should be withdrawn.

Response to Comments:

See Response to Common Comments: E.8, E.14, E.22, E.25, E.27, E.29.

Bates Numbers of Corresponding Public Comments:

2216, 2226-2227, 2270-2271

Summary of Comments:

California title insurance and escrow rates are competitive. Taking fees below 2000 levels does not take into account that the documentation requirements have increased in the past decade. The industry is “cost effective” and a further reduction in fees will result in the loss of many jobs.

Response to Comments:

See Response to Common Comments: E.8, E.14, E.16, E.18, E.20, E.22, E.23, E.27, T.3, X.11.

Bates Numbers of Corresponding Public Comments:

2217

Summary of Comments:

Rates are competitive. Documentation requirements have increased and notaries are cheaper than attorneys. Discounts are being given to homeowners and many of the fees are passed to state and local governments.

Response to Comments:

See Response to Common Comments: N.1.

Bates Numbers of Corresponding Public Comments:

2218

Summary of Comments:

The regulations should be withdrawn for further study. Escrow agents spend a lot of time on continuing education. Reduced fees will cause great financial hardship to the escrow industry.

Response to Comments:

See Response to Common Comments: E.5, E.8, E.12, E.14, E.18, E.27, T.1.

Bates Numbers of Corresponding Public Comments:

2219

Summary of Comments:

High escrow fees are a function of high real estate prices. Reducing fees will cause the commentator to lose her job and require her to seek a new career. The commentator has never offered a bribe to a client nor have any of her clients attempted to bribe her.

Response to Comments:

See Response to Common Comments: E.8, E.14, E.17, E.22, T.1, T.11.

Bates Numbers of Corresponding Public Comments:

2220, 2222, 2232-2233, 2234-2235, 2236-2237, 2240-2241, 2243-2244, 2245-2246, 2247-2248, 2249-2250, 2255-2256, 2258-2259, 2264, 2265-2266, 2267, 2268-2269

Summary of Comments:

The regulation will jeopardize the financial well being of the escrow industry. Escrow officers work hard for their money and they are cheaper than attorneys. The regulations will have a disparate impact on women who often are the sole means of support for their families. Reduced fees will cause people to lose their jobs. Competition is based upon service not kickbacks. In addition, the documentation requirements have increased over the years.

Response to Comments:

See Response to Common Comments: E.8, E.12, E.14, E.15, E.17, E.22, T.1, T.11.

Bates Numbers of Corresponding Public Comments:

2221, 2260-2261

Summary of Comments:

Illegal kickbacks are not prevalent in the escrow industry. As a result, the proposed regulations are based upon an erroneous premise. Level of service and competence are the keys to successful competition in this industry. The industry is competitive and the solution to illegal kickbacks is greater enforcement of existing laws rather than the proposed regulations.

Response to Comments:

See Response to Common Comments: E.22, X.17.

Bates Numbers of Corresponding Public Comments:

2223, 2238-2239, 2242, 2262-2263

Summary of Comments:

The regulation is based upon the faulty assumptions that the escrow industry is not competitive and that kickbacks are rampant. The key to success in the industry is competence, knowledge and ability. Responsibilities have increased in recent years and the escrow industry can do their job cheaper than attorneys can.

Response to Comments:

See Response to Common Comments: E.22.

Bates Numbers of Corresponding Public Comments:

2224, 2253-2254

Summary of Comments:

The title and escrow industry works hard for their money. It is a competitive market and kickbacks are not used to attract customers.

Response to Comments:

See Response to Common Comments: E.8, E.14, E.22, T.1.

Bates Numbers of Corresponding Public Comments:

2225

Summary of Comments:

The escrow industry is competitive and the fees are reasonable. Using attorneys would cost more money. The regulations would jeopardize the commentator's income.

Response to Comments:

See Response to Common Comments: E.8, E.14, E.15, E.22, T.1.

Bates Numbers of Corresponding Public Comments:

2228-2229

Summary of Comments:

The proposed regulations will have an adverse effect on independent escrow companies. Such companies will not be able to stay in business and compete against title and title insurance companies due to the decreased fees that will be caused by the regulations. Losing independent escrow companies will have an adverse effect upon consumers.

Response to Comments:

See Response to Common Comments: E.8, E.14, E.22, E.27, E.29, T.1.

Bates Numbers of Corresponding Public Comments:

2230-2231, 2275-2277, 2278-2279

Summary of Comments:

Competition in the escrow industry is based upon superior service, not kickbacks. The regulations will cause fees to drop and many people will have to leave the industry or accept decreased compensation. If anything, fees should increase.

Response to Comments:

See Response to Common Comments: E.8, E.14, E.22, E.27, E.29, T.1.

Bates Numbers of Corresponding Public Comments:

2251-2252

Summary of Comments:

The proposed regulations will result in reduced fees which will reduce the income of escrow officers. As a result, it will be very difficult, in the future, to attract new employees to the escrow industry.

Response to Comments:

See Response to Common Comments: T.3

Bates Numbers of Corresponding Public Comments:

2272-2274

Summary of Comments:

While many people assume that technology has created an environment in which every escrow transaction can be performed quickly and without complexity, this assumption is incorrect. Escrow transactions require hard work and expertise in order to close real estate deals. The title insurance companies should be scrutinized for using illegal kickbacks. The proposed regulations will have a disparate impact upon women because they will make lower incomes as a result of fee reductions.

Response to Comments:

See Response to Common Comments: E.12, E.14, T.3.

Bates Numbers of Corresponding Public Comments:
2280-2297

Summary of Comments:

This is another copy of the comments of the Attorney General's Office, which is summarized and responded to in Volume 1, pp. 75-82.

Response to Comments:

These comments are responded to in Volume 1, re pp. 75-82.

Bates Numbers of Corresponding Public Comments:

2300

Summary of Comments:

NP states regulation will:

- Restrict her ability to render her service in the convenience of customers home;
and
- Regulation will negatively impact notary service customers with special needs.

Response to Comments:

The Commissioner rejects this comment. The Proposed Regulations do not, in any way restrict or regulate notary fees. Indeed, Insurance Code Section 12340.7 expressly excludes notary fees from the definition of "rates" and consequently such fees are beyond the scope of the proposed regulations.

Bates Numbers of Corresponding Public Comments:

2301

Summary of Comments:

NSA states regulation will:

- Reduce personal income due to cost cuts by escrow companies;
- Restrict ability to render notary service in the convenience of customer's home;
and
- Increase number of fraudulent real estate transactions.

Response to Comments:

The Commissioner rejects this comment. The Proposed Regulations do not, in any way restrict or regulate notary fees. Indeed, Insurance Code Section 12340.7 expressly excludes notary fees from the definition of "rates" and consequently such fees are beyond the scope of the proposed regulations.

Bates Numbers of Corresponding Public Comments:

2302

Summary of Comments:

NSA states regulation will:

- Reduce personal income; and
- Adversely impact real estate industry.

Response to Comments:

The Commissioner rejects this comment. The Proposed Regulations do not, in any way restrict or regulate notary fees. Indeed, Insurance Code Section 12340.7 expressly excludes notary fees from the definition of “rates” and consequently such fees are beyond the scope of the proposed regulations.

Bates Numbers of Corresponding Public Comments:

2303

Summary of Comments:

NSA states proposed regulation will:

- Regulation will negatively impact notary service customers with special needs.
- Restrict ability to render notary service in the convenience of customer’s home; and
- Adversely impact real estate industry.

Response to Comments:

The Commissioner rejects this comment. The Proposed Regulations do not, in any way restrict or regulate notary fees. Indeed, Insurance Code Section 12340.7 expressly excludes notary fees from the definition of “rates” and consequently such fees are beyond the scope of the proposed regulations.

Bates Numbers of Corresponding Public Comments:

2304

Summary of Comments:

NSA states proposed regulation will:

- Reduce personal income;
- Reduce number of NPs;
- Restrict ability to render notary service in the convenience of customer’s home; and
- Adversely impact real estate industry.

Response to Comments:

The Commissioner rejects this comment. The Proposed Regulations do not, in any way restrict or regulate notary fees. Indeed, Insurance Code Section 12340.7 expressly excludes notary fees from the definition of “rates” and consequently such fees are beyond the scope of the proposed regulations.

Bates Numbers of Corresponding Public Comments:

2305

Summary of Comments:

Single female NSA states proposed regulation will:

- Destroy her business;
- Impose hardship on customers and
- Adversely impact real estate industry.

Response to Comments:

The Commissioner rejects this comment. The Proposed Regulations do not, in any way restrict or regulate notary fees. Indeed, Insurance Code Section 12340.7 expressly excludes notary fees from the definition of “rates” and consequently such fees are beyond the scope of the proposed regulations.

Bates Numbers of Corresponding Public Comments:

2306

Summary of Comments:

NSA states regulation will:

- Restrict ability to render notary service in the convenience of customer’s home; and
- Increase number of fraudulent real estate transactions.

Response to Comments:

The Commissioner rejects this comment. The Proposed Regulations do not, in any way restrict or regulate notary fees. Indeed, Insurance Code Section 12340.7 expressly excludes notary fees from the definition of “rates” and consequently such fees are beyond the scope of the proposed regulations.

Bates Numbers of Corresponding Public Comments:

2307-2308

Summary of Comments:

Senior Loan officer states regulation will:

- Negatively impact notary service customers with special needs.
- Restrict ability to render notary service in the convenience of customer’s home;
- Increase number of fraudulent real estate transactions; and
- Suggests new rule for Commissioner to implement.

Response to Comments:

The Commissioner rejects this comment. The Proposed Regulations do not, in any way restrict or regulate notary fees. Indeed, Insurance Code Section 12340.7 expressly excludes notary fees from the definition of “rates” and consequently such fees are beyond the scope of the proposed regulations.

Bates Numbers of Corresponding Public Comments:

2309

Summary of Comments:

NP/NSA states regulation will:

- Have a negative financial impact on commenter and
- Restrict ability to render notary service in the convenience of customer's home.

Response to Comments:

The Commissioner rejects this comment. The Proposed Regulations do not, in any way restrict or regulate notary fees. Indeed, Insurance Code Section 12340.7 expressly excludes notary fees from the definition of "rates" and consequently such fees are beyond the scope of the proposed regulations.

Bates Numbers of Corresponding Public Comments:

2310, 2311

Summary of Comments:

NP/NSA states regulation will:

- Have a negative financial impact on notaries, and
- Restrict ability to render notary service in the convenience of customer's home.

Response to Comments:

The Commissioner rejects this comment. The Proposed Regulations do not, in any way restrict or regulate notary fees. Indeed, Insurance Code Section 12340.7 expressly excludes notary fees from the definition of "rates" and consequently such fees are beyond the scope of the proposed regulations.

Bates Numbers of Corresponding Public Comments:

2312

Summary of Comments:

NP states regulation will:

- Reduce number of notaries thereby harming real estate industry,
- Reduce convenience to consumer, and
- Increase number of fraudulent real estate transactions.

Response to Comments:

The Commissioner rejects this comment. The Proposed Regulations do not, in any way restrict or regulate notary fees. Indeed, Insurance Code Section 12340.7 expressly excludes notary fees from the definition of "rates" and consequently such fees are beyond the scope of the proposed regulations.

Bates Numbers of Corresponding Public Comments:

2313

Summary of Comments:

NP states regulation will:

- Destroy commenter's business;
- Reduce number of notaries thereby harming real estate industry,
- Reduce convenience to consumer, and
- Increase number of fraudulent real estate transactions.

Response to Comments:

The Commissioner rejects this comment. The Proposed Regulations do not, in any way restrict or regulate notary fees. Indeed, Insurance Code Section 12340.7 expressly excludes notary fees from the definition of "rates" and consequently such fees are beyond the scope of the proposed regulations.

Bates Numbers of Corresponding Public Comments:

2314-2317

Summary of Comments:

NP states regulation will:

- Reduce personal income and
- Reduce convenience to consumer.

Response to Comments:

The Commissioner rejects this comment. The Proposed Regulations do not, in any way restrict or regulate notary fees. Indeed, Insurance Code Section 12340.7 expressly excludes notary fees from the definition of "rates" and consequently such fees are beyond the scope of the proposed regulations.

Bates Numbers of Corresponding Public Comments:

2318

Summary of Comments:

NP states regulation will:

- Reduce personal income
- Reduce number of notaries with negative impact on consumer; and
- Reduce convenience to consumer.

Response to Comments:

The Commissioner rejects this comment. The Proposed Regulations do not, in any way restrict or regulate notary fees. Indeed, Insurance Code Section 12340.7 expressly excludes notary fees from the definition of "rates" and consequently such fees are beyond the scope of the proposed regulations.

Bates Numbers of Corresponding Public Comments:

2319-2320, 2321-2322, 2323-2324, 2325-2326, 2327-2328, 2410-2411, 2412-2413, 2414-2415, 2416-2417, 2418-2419, 2420-2421, 2422-2423, 2424-2425, 2426-2427, 2428-2429, 2430-2431, 2432-2433, 2455-2456, 2459-2460, 2461-2462, 2463-2464,

Summary of Comments:

Various escrow industry workers ask Commissioner not to implement regulation because of concerns that it will negatively impact ability to serve customers.

Response to Comments:

See Response to Common Comments: E.22, X.8.

Bates Numbers of Corresponding Public Comments:

2329-2331

Summary of Comments:

NP states regulation will:

- Reduce number of notaries with negative impact on real estate industry and consumer; and
- Reduce convenience to consumer.

Response to Comments:

The Commissioner rejects this comment. The Proposed Regulations do not, in any way restrict or regulate notary fees. Indeed, Insurance Code Section 12340.7 expressly excludes notary fees from the definition of “rates” and consequently such fees are beyond the scope of the proposed regulations.

Bates Numbers of Corresponding Public Comments:

2332

Summary of Comments:

NP states regulation will:

- Have negative impact on real estate industry and consumer; and
- Increase financial burden to consumer.

Response to Comments:

The Commissioner rejects this comment. The Proposed Regulations do not, in any way restrict or regulate notary fees. Indeed, Insurance Code Section 12340.7 expressly excludes notary fees from the definition of “rates” and consequently such fees are beyond the scope of the proposed regulations.

Bates Numbers of Corresponding Public Comments:

2333

Summary of Comments:

NSA states regulation will:

- Reduce number of notaries thereby harming real estate industry,
- Reduce convenience to consumer, and
- Increase number of fraudulent real estate transactions.

Response to Comments:

The Commissioner rejects this comment. The Proposed Regulations do not, in any way restrict or regulate notary fees. Indeed, Insurance Code Section 12340.7 expressly excludes notary fees from the definition of “rates” and consequently such fees are beyond the scope of the proposed regulations.

Bates Numbers of Corresponding Public Comments:

2334

Summary of Comments:

NP states regulation will:

- Negatively impact real estate business and consumers.

Response to Comments:

The Commissioner rejects this comment. The Proposed Regulations do not, in any way restrict or regulate notary fees. Indeed, Insurance Code Section 12340.7 expressly excludes notary fees from the definition of “rates” and consequently such fees are beyond the scope of the proposed regulations.

Bates Numbers of Corresponding Public Comments:

2335, 2340, 2434, 2436, 2444, 2445, 2453, 2477

Summary of Comments:

Various community organizations and public servants including a school district superintendent, youth center director and county supervisor express concern that the regulation will:

- Negatively impact the community, and
- Negatively impact single mothers who make up a significant portion of the NP workforce.

Response to Comments:

The Commissioner rejects this comment. The Proposed Regulations do not, in any way restrict or regulate notary fees. Indeed, Insurance Code Section 12340.7 expressly excludes notary fees from the definition of “rates” and consequently such fees are beyond the scope of the proposed regulations.

Bates Numbers of Corresponding Public Comments:

2336

Summary of Comments:

Title Officer states belief that regulation will:

- Reduce title industry incomes, and
- Have a negative impact on the real estate industry.

Response to Comments:

See Response to Common Comments: E.8, E.14, E.22, T.1.

Bates Numbers of Corresponding Public Comments:

2339

Summary of Comments:

NP states proposed regulation will:

- Negatively impact his business.

Response to Comments:

The Commissioner rejects this comment. The Proposed Regulations do not, in any way restrict or regulate notary fees. Indeed, Insurance Code Section 12340.7 expressly excludes notary fees from the definition of “rates” and consequently such fees are beyond the scope of the proposed regulations.

Bates Numbers of Corresponding Public Comments:

2337-2338

Summary of Comments:

NP states proposed regulation will:

- Regulation will negatively impact notary service customers with special needs, and
- Restrict ability to render notary service in the convenience of customer’s home.

Response to Comments:

The Commissioner rejects this comment. The Proposed Regulations do not, in any way restrict or regulate notary fees. Indeed, Insurance Code Section 12340.7 expressly excludes notary fees from the definition of “rates” and consequently such fees are beyond the scope of the proposed regulations.

Bates Numbers of Corresponding Public Comments:

2341-2344

Summary of Comments:

CEO of title company states regulation will:

- Destroy commenter’s title business.

Supports CLTA, ALTA, CEA, and Placer Title comments.

Response to Comments:

See Response to Common Comments: T.3. See also responses to the comments cited.

Bates Numbers of Corresponding Public Comments:

2345-2352

Summary of Comments:

This is a copy of Volume 1, pp. 35-42.

Response to Comments:

See response to Volume 1, pp. 35-42.

Bates Numbers of Corresponding Public Comments:

2353-2405

Summary of Comments:

CONSUMER FEDERATION OF CALIFORNIA petitions to intervene with respect to the ratemaking process.

Response to Comments:

Comments were not specifically directed at the proposed action or the procedures followed by the Commissioner in proposing or adopting the action; therefore, no response is necessary. (Gov. Code section 11346.9(a)(3)).

Bates Numbers of Corresponding Public Comments:

2406-2409

Summary of Comments:

Mother/Daughter co-owners of an escrow company state belief that regulation will:

- Destroy their business; and
- Have a negative impact on consumers and the escrow industry.

Response to Comments:

See Response to Common Comments: E.8, E.14, E.17, E.22, T.1.

Bates Numbers of Corresponding Public Comments:

2435

Summary of Comments:

NP states regulation will:

- Destroy commenter's business;
- Reduce number of notaries thereby harming real estate industry,

- Reduce convenience to consumer, and
- Increase number of fraudulent real estate transactions.

Response to Comments:

The Commissioner rejects this comment. The Proposed Regulations do not, in any way restrict or regulate notary fees. Indeed, Insurance Code Section 12340.7 expressly excludes notary fees from the definition of “rates” and consequently such fees are beyond the scope of the proposed regulations.

Bates Numbers of Corresponding Public Comments:

2437

Summary of Comments:

NP/SA states proposed regulation will:

- Negatively impact her personal financial status.

Response to Comments:

The Commissioner rejects this comment. The Proposed Regulations do not, in any way restrict or regulate notary fees. Indeed, Insurance Code Section 12340.7 expressly excludes notary fees from the definition of “rates” and consequently such fees are beyond the scope of the proposed regulations.

Bates Numbers of Corresponding Public Comments:

2438, 2439

Summary of Comments:

NP states regulation will:

- Destroy commenter’s business;
- Reduce number of notaries thereby harming real estate industry; and
- Reduce convenience to consumer.

Response to Comments:

The Commissioner rejects this comment. The Proposed Regulations do not, in any way restrict or regulate notary fees. Indeed, Insurance Code Section 12340.7 expressly excludes notary fees from the definition of “rates” and consequently such fees are beyond the scope of the proposed regulations.

Bates Numbers of Corresponding Public Comments:

2440

Summary of Comments:

NP states regulation will:

- Financially ruin commenter; and
- Reduce convenience to consumer.

Response to Comments:

The Commissioner rejects this comment. The Proposed Regulations do not, in any way restrict or regulate notary fees. Indeed, Insurance Code Section 12340.7 expressly excludes notary fees from the definition of “rates” and consequently such fees are beyond the scope of the proposed regulations.

Bates Numbers of Corresponding Public Comments:

2441

Summary of Comments:

NP states regulation will:

- Harm the real estate industry; and
- Reduce convenience to consumer.

Response to Comments:

The Commissioner rejects this comment. The Proposed Regulations do not, in any way restrict or regulate notary fees. Indeed, Insurance Code Section 12340.7 expressly excludes notary fees from the definition of “rates” and consequently such fees are beyond the scope of the proposed regulations.

Bates Numbers of Corresponding Public Comments:

2442

Summary of Comments:

NP states regulation will:

- Reduce number of notaries thereby harming real estate industry,
- Reduce convenience to consumer, and
- Increase number of fraudulent real estate transactions.

Response to Comments:

The Commissioner rejects this comment. The Proposed Regulations do not, in any way restrict or regulate notary fees. Indeed, Insurance Code Section 12340.7 expressly excludes notary fees from the definition of “rates” and consequently such fees are beyond the scope of the proposed regulations.

Bates Numbers of Corresponding Public Comments:

2443

Summary of Comments:

NP states regulation will:

- Reduce number of notaries thereby harming real estate industry,
- Reduce convenience to consumer, and
- Increase number of fraudulent real estate transactions.

Response to Comments:

The Commissioner rejects this comment. The Proposed Regulations do not, in any way restrict or regulate notary fees. Indeed, Insurance Code Section 12340.7 expressly excludes notary fees from the definition of “rates” and consequently such fees are beyond the scope of the proposed regulations.

Bates Numbers of Corresponding Public Comments:

2446

Summary of Comments:

Single Latina Escrow Assistant states regulation will:

- Cause personal financial hardship; and
- Have negative impact on Spanish speaking community.

Response to Comments:

See Response to Common Comments: E.8, E.14, E.22, T.3.

Bates Numbers of Corresponding Public Comments:

2447, 2450

Summary of Comments:

NP states regulation will:

- Reduce number of notaries thereby harming real estate industry,
- Reduce convenience to consumer, and
- Increase number of fraudulent real estate transactions.

Response to Comments:

The Commissioner rejects this comment. The Proposed Regulations do not, in any way restrict or regulate notary fees. Indeed, Insurance Code Section 12340.7 expressly excludes notary fees from the definition of “rates” and consequently such fees are beyond the scope of the proposed regulations.

Bates Numbers of Corresponding Public Comments:

2448

Summary of Comments:

NP states regulation will:

- Negatively impact NP business;
- Reduce number of notaries thereby harming real estate industry,
- Reduce convenience to consumer, and
- Increase number of fraudulent real estate transactions.

Response to Comments:

The Commissioner rejects this comment. The Proposed Regulations do not, in any way restrict or regulate notary fees. Indeed, Insurance Code Section 12340.7 expressly excludes notary fees from the definition of “rates” and consequently such fees are beyond the scope of the proposed regulations.

Bates Numbers of Corresponding Public Comments:

2449

Summary of Comments:

MSA states regulation will:

- Reduce convenience to consumer.

Response to Comments:

The Commissioner rejects this comment. The Proposed Regulations do not, in any way restrict or regulate notary fees. Indeed, Insurance Code Section 12340.7 expressly excludes notary fees from the definition of “rates” and consequently such fees are beyond the scope of the proposed regulations.

Bates Numbers of Corresponding Public Comments:

2451

Summary of Comments:

Single mother NP states regulation will:

- Cause personal financial hardship,
- Reduce convenience to consumer, and
- Increase number of fraudulent real estate transactions.

Response to Comments:

The Commissioner rejects this comment. The Proposed Regulations do not, in any way restrict or regulate notary fees. Indeed, Insurance Code Section 12340.7 expressly excludes notary fees from the definition of “rates” and consequently such fees are beyond the scope of the proposed regulations.

Bates Numbers of Corresponding Public Comments:

2452

Summary of Comments:

NP states regulation will:

- Cause personal financial hardship
- Reduce number of notaries thereby harming real estate industry,
- Reduce convenience to consumer, and
- Increase number of fraudulent real estate transactions.

Response to Comments:

The Commissioner rejects this comment. The Proposed Regulations do not, in any way restrict or regulate notary fees. Indeed, Insurance Code Section 12340.7 expressly excludes notary fees from the definition of “rates” and consequently such fees are beyond the scope of the proposed regulations.

Bates Numbers of Corresponding Public Comments:

2454

Summary of Comments:

Escrow industry worker states regulation will:

- Cause personal financial hardship to escrow industry workers; and
- Destroy family owned escrow business.

Response to Comments:

See Response to Common Comments: E.8, E.14, E.22, T.3.

Bates Numbers of Corresponding Public Comments:

2457-2458

Summary of Comments:

NP states regulation will:

- Cause personal financial hardship
- Reduce number of notaries thereby harming escrow/real estate industry,
- Reduce convenience to consumer, and
- Increase number of fraudulent real estate transactions.

Response to Comments:

The Commissioner rejects this comment. The Proposed Regulations do not, in any way restrict or regulate notary fees. Indeed, Insurance Code Section 12340.7 expressly excludes notary fees from the definition of “rates” and consequently such fees are beyond the scope of the proposed regulations.

Bates Numbers of Corresponding Public Comments:

2477-2483

Summary of Comments:

Bidwell Title and Escrow objects to proposed regulation for the following reasons:

- Butte County pricing structure is extremely competitive;
- Reduction in fees would force BT & E out of business;
- 2000-2005 was uncharacteristically strong and those sales statistics should not be use to define industry profitability;
- Industry has inelastic staffing requirements;

- High volume of sales transaction in past five years is indicative of higher claims in future;
- Proposed regulation imposes undue reporting burden on title/escrow businesses;
- Will negatively impact BT & E which is 80% female owned and employs 60 full-time female employees;
- Negatively impact escrow businesses throughout the State;
- Negatively impact communities that escrow/title businesses serve;
- Additional competition may not necessarily lead to a better product;
- Will negatively impact local housing markets;
- Will cause more outsourcing overseas to detriment of California jobs;
- Large title insurers may withdraw from California market adversely impacting real property industry;

Response to Comments:

See Response to Common Comments: C.9, E.8, E.14, E.22, T.3, T.6, T.14 .

Bates Numbers of Corresponding Public Comments:

2484-2486, 2487-2490, 2491-2493, 2494-2496

Summary of Comments:

Hard-working female escrow officers object that regulation will:

- Not increase competition in this very competitive industry;
- Escrow fees are already too small; and
- Escrow fees should be proportional to element of transactional risk.

Response to Comments:

See Response to Common Comments: E.8, E.14, E.22.

TITLE 10. INVESTMENTS
CHAPTER 5. INSURANCE COMMISSIONER
Article 7.1
***TITLE INSURANCE STATISTICAL PLAN
AND RELATED RULES GOVERNING RATES AND CHARGES***

Summary and Response to Technical Comments Received During
45-day Comment Period

Comment Bates Pages 2125- 2125G:

Commentator: Victor Marshall

Date of Comment: Received 8/30/06

Type of Comment: Written

Summary of Comment (pages 1):

Page 1 reflects the submission of these comments.

Response to Comment:

This portion of the comment is not specifically directed at the Commissioner's proposed regulations or to the procedures followed in proposing the regulations, or simply summarizes comments which are summarized and responded to in more detail below. No response is, therefore, necessary. (Gov. Code section 11346.9.)

Summary of Comment (page 2):

The commenter is an attorney that represents several New Mexico consumers that are attempting to reduce rates for title insurance in New Mexico. At his client's request, the New Mexico Insurance Division is conducting an administrative review of all title insurance rates and regulations.

Response to Comment:

This portion of the comment is not specifically directed at the Commissioner's proposed regulations or to the procedures followed in proposing the regulations, or simply summarizes comments which are summarized and responded to in more detail below. No response is, therefore, necessary. (Gov. Code section 11346.9.)

Summary of Comment (pages 2-8):

Most of the comment is in favor of the regulations with the exception of the comments summarized below.

Response to Comment:

The responses to the specific comments are given below.

Summary of Comment (page 3):

Maximum rate regulation is essential because there is little, if any, price competition in the industry. Companies should be free to charge rates lower than the maximum, but there is a real danger that companies will all charge the maximum rate, thus eliminating price competition. Accordingly, the regulations should provide that a company is not immune from antitrust scrutiny when it charges the maximum rate, and is not protected from "state action" exemption from antitrust laws. Further, companies should be required to report data on the incidence of maximum rate charges.

Response to Comment:

Nothing in the regulations is intended to alter a firm's liability or non-liability under the antitrust laws, except to the extent that a company's compliance with the regulations is shielded from liability under the state-action doctrine. The companies will be "reporting" their rates in their required rate-filings.

Summary of Comment (pages 3-5) :

The interim rate reductions should be implemented immediately. They can be justified by the fact that the underlying risks of title insurance decrease with policy size and by productivity increases. The title industry benefits from gains in information technology. It realizes lower costs through its internal data processing systems. It benefits from better technology in the public sector, i.e., better real estate records. The Department should design data requests that will allow it to quantify these gains more accurately. The Department should also conduct independent studies on the actual costs of efficiently searching titles, underwriting title insurance and providing escrow services.

Response to Comment:

The Commissioner rejects this comment. By delaying effectiveness of the interim-rate provisions – and, the Commissioner hopes, obviating those provisions entirely by implementation of the long-term rate-regulatory system – the proposed regulations, as amended, give the companies time to adjust their cost structures to the requirements of the proposed regulations.

Summary of Comment (page 6) :

Title insurance companies pay out roughly 1 cent on every dollar of premium they collect. The industry claims its loss ratios are in the neighborhood of 5 cents, but that figure includes loss adjustment expense in addition to actual claims paid. Loss adjustment expense is not a direct benefit to policyholders. While some loss adjustment expenses have an indirect benefit to policyholders, loss adjustment expense includes the cost of contesting and denying claims, as well as paying them. Further, the NAIC annual statement allows title companies to lump actual paid losses with loss adjustment expense, even though loss adjustment expense is largely internal expense which is subject to manipulation. For these reasons, the California Department of Insurance should immediately impose a reporting requirement requiring companies to report paid losses separately, and in detail. The Florida Office of Insurance Regulation recently implemented such a data request.

Response to Comment:

The proposed regulations recognize that both losses and loss adjustment expenses are legitimate costs of providing title insurance and escrow services. That determination is appropriate – the question is not whom the expense "benefits" but whether it is a

reasonable cost to incur in providing the product or service. There is no question LAE is, at least categorically, a reasonable expense. The statistical plan requires the separate reporting of losses and loss adjustment expenses.

Summary of Comment (page 6):

Whether title insurance loss ratio is 1% or 5%, any loss ratio in this range is low, both in absolute terms and in relation to other lines of insurance. Therefore, an effective system of regulating maximum rates should include a minimum loss ratio. This minimum loss ratio should be calculated using actual paid losses, without inclusion of allocated or unallocated loss adjustment expense, because actual paid losses are the most fundamental measure of benefit to the customer.

Response to Comment:

The Commissioner rejects this comment. While it is true that losses are a far smaller proportion of the cost of title insurance than of other kinds of insurance, it is also true that certain kinds of reasonable costs are either unique (such as title searching) or disproportionately higher. The proposed regulations properly recognize each of these cost components in their proper amount. The Commissioner rejects the imposition of an arbitrary minimum loss ratio as unnecessary to prohibiting excessive rates.

Summary of Comment (pages 6-7):

To promote price competition, title companies should be required to provide preliminary closing estimates for title, closing and escrow costs to all potential customers, well in advance of closing based on the street address, zip code and estimated gross sales price. Without this information, a customer cannot shop for a better deal on title, closing and escrow services.

Response to Comment:

This comment recommends action beyond the scope of the proposed regulations and is therefore rejected.

Summary of Comment (page 7):

Compiling data on transactions with affiliates is likely to be voluminous and complicated and it is unclear how useful this information will be. There are many ways title insurance companies can compensate the people who steer business to them.

Response to Comment:

The Commissioner rejects this comment. The Insurance Code has specific reporting requirements and prohibitions concerning affiliate transactions, and the regulations attempt to make those provisions effective and manageable.

Summary of Comment (page 7):

In addition to data gathering aimed at reverse competition, the regulatory system should also collect data that can be used to arrive at reasonable rates “from the bottom up,” meaning data that focuses on the actual costs of efficiently underwriting and ensuring real property titles, without excessive salaries and overhead. The Department should require companies and agents to submit data on actual claims paid and on the real costs of clearing titles, issuing policies, and providing closing services in an economically efficient manner.

Response to Comment:

The proposed regulations do what the Commissioner understands this comment to be calling for.

Summary of Comment (page 8):

The maximum rate regulations should be cautious about factoring in “fixed costs” and changes in business volume. These factors add a great deal of complexity to the ratemaking formula. Further, they might reduce the economic incentives for efficient delivery of services. In most states, including California, the title insurance industry has over expanded, partly caused by the real estate boom and partly by the industry’s tendency to inflate costs in order to justify higher rates, given the absence of effective price competition. Therefore, it is extremely important that the rulemaking process not subsidize excess capacity and economic inefficiency in the title insurance business.

Response to Comment:

The Commissioner acknowledges that the potential for over-capacity exists and may properly be the subject of further regulatory action. However, the proposed regulations do provide a disincentive for excessive expansion, since companies that expand faster than business volume warrants will find it more difficult to achieve industry-average costs.

Comments Bates Pages 2469-2476:

Commentator: Richard M. Thomas, on behalf of Glenn County Title Company

Date of Comment: Received 8/29/06

Type of Comment: Written

Summary of Comment (page 1):

This passage summarizes the commenter’s general objections to the proposed regulations, provides a brief description of the commenter’s company and general

business experience in California as well as the commenter's support for the comments submitted by the California Land Title Association, and Placer Title Company.

Response to Comment:

This portion of the comment is not specifically directed at the Commissioner's proposed regulations or to the procedures followed in proposing the regulations. Additionally, this portion of the comment reflects summaries of comments that are summarized and responded to in greater detail below. To the extent that this comment incorporates the comments presented by the California Land Title Association or Placer Title Company, the summary and response to those comments is set forth in summaries and responses for each company, respectively. No response is, therefore, necessary. (Gov. Code section 11346.9.)

Summary of Comment (page 1-2):

The proposed regulations' impact on underwritten title companies clearly has not been properly analyzed. An analysis of the rates for a hypothetical title company demonstrates that the rates produced by interim rate reduction of the proposed regulations will be inadequate.

Assume for purposes of the hypothetical that:

An underwritten title co. grossing an average of
\$100,000 per month, producing an annual gross income of: \$1,200,000

The company has an operational expense of: \$1,056,000

The company earns a profit of 12% EBT and \$144,000

Retirement benefits of:

	Title Insurance	Escrow
Historically, revenue is derived:	65% = \$780,000	35% = \$420,000
25% of revenue is	\$225,000	\$75,000
Commercial/Agricultural/Industrial:		
40% of revenue is from residential sales	\$312,000	\$168,000
35% of revenue is from residential refinance	\$273,000	\$147,000
Total Revenue:	\$780,000	\$420,000
Applying interim rates to 25%	\$225,000	\$75,000
Commercial/Agricultural/Industrial:		
Applying interim rates to 40% residential sale:	[\$480,000 x 65% = \$312,000 less 23%] = \$240,240	[\$480,000 x 35% = \$168,000 less 27%] = \$122,640
Applying interim rates to 35% residential refinance:	[\$420,000 x 65% = \$273,000 less 16%] = \$229,320	[\$420,000 x 35% = \$147,000 less 27%] = \$107,310

Total Revenue:	\$694,560	\$304,950
The hypothetical company now has an annual gross revenue of:	\$999,510	
The hypothetical company now has an operational expense of:	\$1,056,000	
The hypothetical company now has a net operational loss of:	(\$56,490)	

This hypothetical illustrates that rates will be inadequate for some companies under the proposed regulations, despite the fact that the relevant statutes prohibit rates which are inadequate.

Response to Comment:

The Commissioner rejects this comment. The example employs reduction percentages that have been amended in the proposed regulations. But more fundamentally, the comment is based on a fallacious assumption: that a company's existing expense-level is fixed and must be covered in rates. The current expense structure is supported by super-competitive rates that would not exist in a competitive market. The purpose of the regulations is to reduce rates to the level that would obtain in a competitive market. It is reasonable to assume that a company's expense structure would be more spare in a competitive market than in a non-competitive market in which the company's prices are not disciplined by competitors. By giving companies until 2009 for rate-regulation to take effect, the proposed regulations give companies time to adjust their expenses to the available revenue.

Summary of Comment (page 2):

As the California Land Title Association stated in its comments, Insurance Code section 12401 states that "nothing in this article is intended to give the Commissioner the power to fix and determine a rate level by classification or otherwise."

Response to Comment:

The Commissioner rejects this comment. The proposed regulations do not "fix" or "determine" rate levels. They define the level above which the rate is excessive. Companies are free to compete by charging any rate they wish so long as the rate is not "excessive." (Ins. Code § 12401.3.) It has long been understood that the code authorizes the Commissioner to prohibit excessive rates and that doing so does not constitute the proscribed fixing or determination of rates.

Summary of Comment (page 2):

Because the only operational solution to the interim-rate reductions will be to reduce expenses, and because 50% of every dollar in revenue is spent on salaries, lay-offs will be required. The Commissioner's Notice of Proposed Action suggests that the proposed

regulations will result in savings of \$800 million that could be expected to result in new jobs for Californians. But this statement does not suggest that the Commissioner has accounted for the loss of jobs that will be caused by the proposed regulations. The title industry will be forced to reduce its payroll by \$400 million. Assuming that the statewide average salary is \$75,000, the proposed regulations have the potential to cause a loss of more than 5,000 jobs.

Response to Comment

The Commissioner rejects this comment. Reducing excessive, non-competitive prices does not remove the amount from the economy, it returns the excess to consumers who can be expected to spend the money elsewhere in the economy, stimulating jobs in other sectors and enhancing overall economic efficiency.

Summary of Comment (page 2)

The commenter's company operates in a rural farming community with less than 30,000 citizens, and does not have the same pool of qualified escrow and title officers that other more metropolitan communities may have. Consequently, companies in rural communities must retain their employee base and do not have the same level of flexibility to lose employees during lean times. This significant burden has not been considered by the proposed regulations.

Response to Comment

The Commissioner rejects this comment. Title insurance has been based on a single statewide rate for many years. In a competitive market, were regional cost differences significant that fact would be reflected in regional price differentials, which have not been observed. The claim of lower population-density does not provide sufficient basis for imposing in the proposed regulations geographical variations the industry has not previously required.

Summary of Comment (page 3):

The Commissioner should consider and provide analysis to the circumstance where a large title insurer competes directly with an underwritten title company in a rural community. Title insurers' earnings on statutory reserves, ability to share information technology and absorb other expenditures is much greater than that of the rural underwritten title company. The interim-rate reductions will increase the negative impact of these differences.

Response to Comment:

The Commissioner rejects this comment. The Commissioner has considered and analyzed facts presented to him. This comment does not present relevant evidence susceptible of analysis. Apparently the commenter believes that rate reductions will

affect rural UTCs that are not vertically integrated differently than they would affect a vertically integrated company operating in the same market. What differences the commenter believes there will be, and the basis for the belief, is not sufficiently explicated to assess.

Summary of Comment (page 3):

The Initial Statement of Reasons for the proposed regulations states a concern about the current market structure, in that insurers do not market their services to the consumer, consequently increasing the costs to consumers so that insurers can provide considerations to the referrers of title and escrow business. The proposed regulations, however, do not indicate how they will correct this problem. Moreover, there is no evidence that the Commissioner has conducted a cost comparison to ascertain whether the costs associated with direct marketing would be any less costly than the current structure.

Response to Comment:

The Commissioner rejects this comment. The commenter misapprehends the statutory logic. The Commissioner does not contend that the proposed regulations will cure the lack of competition in the industry. The absence of price competition calls for the regulation of rates, not for the adoption of regulations to reform the non-competitive market. No regulatory provision within the Commissioner's authority has been proposed for the latter task. Unless and until the markets have been made competitive, the only available means to provide consumers the rates that would obtain in the competitive market is by rate regulation.

Summary of Comment (page 3):

Although the proposed regulations indicate a concern about reverse-competitive behaviors, inducements for the placement or referral of title and escrow business are already prohibited by existing regulations and the RESPA. The Department has been ineffective in enforcing the existing regulations which suggests that he will be equally ineffective in his enforcement of the proposed regulations. Rather than subject the public to the proposed regulations, a "reasonable alternative" to these regulations would be to enforce the existing regulations that prohibit inducements for title and escrow referrals.

Response to Comment:

The Commissioner rejects this comment. The commenter's assumption that if the Department cannot administratively eradicate illegal inducements then the Department will not be able to regulate rates under the proposed regulations is a non-sequitur. The Commissioner believes rates can be effectively regulated under the proposed regulations.

Summary of Comment (page 3):

The Commissioner's analysis of his proposed regulations suggests that the rate regulations will allow for lower rates during periods of greater real estate activity and higher rates during periods of lessened real estate activity. This means that, during a distressed real estate economy, transaction costs will be higher. Given that the Federal Government uses rate increases to slow an economy, the Commissioner's proposed regulations fly in the face of reason and will only prolong the distressed periods of the real estate economy.

Response to Comment:

The Commissioner rejects this comment. It is true that during periods of low interest rates, real estate activity will likely rise. The comment appears to be suggesting that during periods of high interest rates, transaction volume will decline, which also makes sense. But during periods in which the number of transactions falls, the proposed regulations will be calculating a higher per-transaction cost and authorizing higher title rates, aiding title companies. If the commenter is saying that higher title costs will prolong a housing slump, he is implying a high price-elasticity of demand, suggesting that by lowering title costs the proposed regulations will greatly stimulate the housing market. It is not apparent from the comment how the commenter believes the proposed regulations would prolong a housing slump.

Summary of Comment (page 3-4):

The proposed regulations will cause financial weakness and instability in the companies subject to the regulations. The Commissioner's analysis on the economic effects and impact on jobs in California is flawed. Company consolidations, closures and lay-offs are all bad for California. The regulations should, therefore, be withdrawn.

Response to Comment:

The Commissioner rejects this comment. The commenter has failed to offer any evidence of errors in the analysis of economic and employment effects or of company closures and lay-offs. Accordingly, the comment fails to provide any basis for the recommended withdrawal.